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Memo No. 690
7 February 1967

MEMORANDUM FOR: Chief, SB Division

SUBJECT: Status of Action on HEINE v. RAUS Case.

Since the status report of 20 December 1966, there have been the following developments in the HEINE v. RAUS case.

1. Canadian Lawsuit.

a) It has been confirmed that Arthur MALONEY, a Conservative politician close to Diefenbaker, will serve as HEINE's counsel in the Canadian lawsuit.

b) A deposition of HEINE will be taken at the end of February and the case should come to trial this spring. KEITH, the lawyer in Canada, has been provided with a list of questions to be used, if possible, against HEINE in this deposition.

2. CI Investigation.

a) The investigation in Canada and Australia appears to have come to an end since UDUSTE in Canada refused to talk about HEINE; and MAERDI in Australia states that he does not remember HEINE.

b) We have received an interim report from the BfV answering some of the questions we posed to them last fall. Among other things the BfV provided photocopies of two documents which contain information directly contradicting part of HEINE's story and thus constitute something of a breakthrough in the investigation. These two German Red Cross documents are signed, and in one case notarized, forms containing information obtained from two Germans POWs who were returned from the USSR in the early 1950's and indicate that

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an Erich HEINE, a former SS officer, was in a Soviet prison camp in 1949. HEINE has claimed that he was operating as an anti-Soviet partisan in Estonia in 1949.

c) It is proposed that the BfV, as part of their ongoing investigation, be requested to locate and interview the two former POWs; and, if possible, confirm that the Erich HEINE referred to is identical with the HEINE in whom we are interested.

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